

INVITATION TO SUBMIT PROPOSALS

WASHINGTON STATE INDIVIDUAL DEVELOPMENT ACCOUNTS 2007

**Community Services Division
Department of Community, Trade and Economic Development
128 10th Avenue SW
P.O. Box 42525
Olympia, Washington 98504-2525**

**Contact: Paul Knox
360.725.4140
paulk@cted.wa.gov**

PROGRAM OVERVIEW

Washington State's Department of Community, Trade and Economic Development (CTED) is offering a new round of individual development accounts (IDAs) funding available to low-income families in Washington State. An individual development account is a **restricted savings account** that is used for a **specific purpose** in which savings are **matched** by private or public funds. The Individual Development Account (IDA) program will be implemented through contracts with tax-exempt 501(c)(3) nonprofit organizations, housing authorities or federally recognized Indian tribal. The program will serve eligible accountholders whose household income *at program entry* is equal to or less than either: 1) 80% of the area median income, adjusted for household size; or 2) 200% of federal poverty guidelines.

The IDA program goal is to encourage low-income individuals and families to save, invest and make purchases to better their lives. Assets provide security for families, increase wealth and self-sufficiency and offer something of lasting value that can be passed on to children. Under this program, participants may use their IDA funds to:

- ◆ Purchase their first home;
- ◆ Obtain post-secondary education;
- ◆ Capitalize a small business;
- ◆ Purchase a computer for work or education
- ◆ Acquire an auto for work or education;
- ◆ Make home improvements or repairs; and
- ◆ Purchase assistive technology to meet work-related needs.

CTED will match participants' savings at a rate of up to 1:1, up to a maximum match amount of \$4,000 (i.e., if a participant saves \$4,000, CTED will provide \$4,000 in match, for a total of \$8,000). Participants must receive financial skills training and may also require additional training specific to the asset they choose to purchase to qualify for the match. Local service providers may choose to use lower match rates and state match ceilings in order to serve more accountholders. Accountholders must complete all program requirements and purchase their asset within three years of entering the program (based on the day they sign their individual savings plan).

Individual savings must be derived from eligible income sources and be deposited into a designated account at a participating financial institution. The local service provider must establish a relationship with at least one financial institution to hold the accounts and provide monthly account activity statements.

IDA projects require strong partnerships and a high-level of organizational capability, expertise and talent. Local service providers are responsible for recruiting and screening potential participants, and for providing training and support for individuals who enroll in the IDA program. Providers that lack expertise in homeownership or repair, higher education, technology for the disabled or business capitalization are expected to partner with organizations that can help participants invest responsibly in those assets.

We strongly recommend that proposals be developed in collaboration with other service providers. Interested organizations may partner together to form a collaborative and submit one consolidated proposal, provided the lead agency is an eligible nonprofit. The proposed service area can range in size from an individual city to a multi-county region.

CTED expects innovation and continuous improvement from its contractors. Design elements should reflect the expertise, ingenuity and demonstrated commitment of the service providers.

Nationwide, IDA programs are growing rapidly as an effective tool to help the working poor attain the assets they need to rise above poverty. The federal government and many private foundations and financial institutions are already participating in IDA programs. You can learn more about IDAs through a number of resources, accessible via the Internet. A list of some that you might find useful is included with this package.

Note to prospective new IDA providers

Interest in IDAs is growing across the state along with the expanding level of asset building activities. CTED has found over the past years that small local IDA projects often have the most difficulty being successful. Furthermore, modest state IDA funding levels and limited administrative funds make it challenging to support very many local IDA projects across the state. This will be a very competitive RFP process. CTED highly recommends that you consider joint applications with experienced IDA providers. Combining fiscal and administrative responsibilities allow service providers to focus on using IDAs as a helpful tool to advance the lives of existing clients. A list of current IDA programs and contacts is included in the appendix.

Funding and Distribution

Approximately \$800,000 in state general funds is available for local IDA projects for the 2007-2009 budget years. In addition to matching individual savings, CTED will provide contractors program support costs, such as financial skills training, individual counseling, and account management. Reimbursement for administrative and operating costs for IDA service providers will be up to 20 percent of the total asset savings match provided by CTED. An additional 5 percent bonus will be provided following each successful asset purchase by accountholders (based on actual participant savings).

CTED desires that its funds be used to leverage significant additional resources to fund additional accounts and to support program operating costs. Organizations are **strongly** encouraged to obtain additional cash match and in-kind support from other sources. Contractors should seek to use the federal Assets for Independence Act (AFIA) funds wherever possible. A list of potential sources of financial support is included with this package. Contractors are also expected to minimize program support costs by coordinating with existing programs and resources; for example, consumer credit counseling services and local homeownership counseling may be available to participants at little or no cost.

Because IDA funds are limited, CTED seeks to meet a geographic distribution of funds -- urban, rural, eastern and western areas of the state -- with a limited number of total contracts. To maximize funds for accountholders (by minimizing administrative costs), CTED suggests developing partnerships in order to cover multi-county areas and/or provide expertise in working with targeted populations.

Schedule of Activities

Issue Request for Proposals.....	June 20, 2007
Due Date for Proposals	August 24, 2007
Announcement of Successful Bidders and	September 2007
Notification to Unsuccessful Bidders	
Contract Performance Begins	October 1, 2007

PARTNER ROLES

Your local asset building partners and coalitions will be key to making your IDA program successful – below are key roles they can play.

Financial Institutions

Participant savings must be deposited into a designated account at a federally insured financial institution. Matching funds must be held in a separate master account until funds are to be withdrawn for an eligible use. Contractors must have a written agreement with at least one financial institution to manage these accounts and to provide monthly account activity information for participants' accounts. Participating financial institutions should also agree to waive fees and minimum balance requirements. For more information regarding the role of participating financial institutions, refer to Appendix B, "*Wish Lists*" for *Financial Institution Partners*.

Service Providers

Tax-exempt 501(c)(3) nonprofit organizations, housing authorities or federally recognized tribes are eligible to submit proposals either as an individual organization or as the administrative lead in collaboration with other service providers and resources to ensure successful delivery of all elements of the IDA program. Applicants that demonstrate the commitment of local partners and resources will be given higher consideration.

Contractor Responsibilities

IDA program contractors will be responsible for the following:

- *Recruiting/screening prospective clients.* Contractors must define a process for recruiting and screening potential participants for the IDA program. Compliance with all program eligibility requirements must be documented in each participant's file.
- *Developing individual savings plans for each participant.* Each participant must sign a savings plan that identifies a) the minimum amount and frequency of deposits required; b) the asset goal that the IDA will be used for; and c) an action plan that outlines the activities and resources necessary to prepare the participant to reach their identified goal.

- *Providing financial skills training.* Contractors must ensure that each participant completes financial skills training that includes such topics as assets and personal finance management, budgeting and financial decision-making, debt reduction and credit repair, banking services, and personal financial planning (i.e., taxes, insurance, investments, wills).
- *Providing asset-specific training.* Each participant must receive training that will enable him or her to invest their IDA funds responsibly and help them to manage and maintain the asset long-term. This training must be specifically tailored to the asset that they have chosen as their goal, such as homeownership counseling or microenterprise development.
- *Providing individual counseling.* Contractors must provide individualized counseling to participants to address personal issues that are not appropriately dealt with in a group setting. One-on-one counseling is also appropriate at specific phases of a participant's enrollment, such as when they choose their asset or they are ready to make their withdrawal.
- *Providing basic support management for each participant and coordination with other resources and support services.* Contractors are expected to provide access to resources that will help to ensure participants' success. This might include such things as providing childcare during financial skills training, or referrals to resources that can help them with personal emergencies. Linkages with existing programs should be developed in order to provide these supports cost-effectively.
- *Managing individual accounts, including monitoring of deposits/withdrawals and maintaining participant data.* Deposit and withdrawal activity and corresponding match earnings for each participant must be monitored by the contractor on a monthly basis and reported to CTED quarterly. Contractors may define savings thresholds or conditions for withdrawal of savings that must also be monitored.
- *Managing matching funds account.* Contractors must deposit matching funds into a separate designated account at a financial institution where they must be held until a qualified withdrawal is made. Contractors must ensure that all requirements are met prior to withdrawal and that IDA funds are issued directly to the asset-providing vendor (e.g., a mortgage company or educational institution). Contractors must also track interest earnings and ensure that they are used in accordance with IDA program policies.
- *Maintaining client files.* Contractors must maintain files for each participant that include documentation of income eligibility, individual savings plans, savings and financial information, evidence of training received, and reports on the use of IDA funds.
- *Financial management and budget tracking, including other (non-CTED) match sources.* In addition to managing matching funds, contractors are responsible for documenting and tracking administrative and direct costs, including subcontractor expenses.
- *Ongoing program evaluation and final summary evaluation.* Contractors are expected to continually assess their program's effectiveness, to inform CTED of any policy barriers impacting their effectiveness, and to make appropriate modifications to improve program quality.

Contractors are encouraged to develop partnerships and subcontractor relationships with a range of local and regional organizations that can successfully manage all aspects of an IDA program. These partnerships should enhance performance effectiveness by tying critical players such as housing agencies, Workforce Development Councils, community colleges, agencies serving the disabled, and other nonprofit organizations to the project. Applicants are encouraged to develop the specifics of these partnerships as far as possible prior to proposal submission. Written agreements that clearly define expectations, roles, and responsibilities of critical partners are expected to be in place prior to CTED contract finalization.

The proposed financial arrangement between the contractor and subcontractors is at the negotiated discretion of both parties. The costs for management and supervision should be reflected in the financial projections section of the proposal. Subcontractor responsibilities may include, but are not limited to, financial skills training, asset-specific training, individual counseling, or other support services. Again, contractors should make every effort to maximize the number of accounts held and to minimize program support costs by taking advantage of existing resources.

PROGRAM DESIGN

Eligible Uses

IDA match funds provided under this program may be applied to the following uses:

- **Post-secondary education and training.** Education and training may be provided to the accountholder, their spouse, or a dependent child and must be provided through an educational institution or training provider approved by the Washington State Workforce Education and Training Coordinating Board or other training providers approved in advance by CTED.
- **First-time homeownership.** The accountholder cannot have owned a home during the 3-year period prior to enrollment into the IDA program.

Exceptions include:

1. Any individual who is a displaced homemaker or a single parent on the basis that the individual, while a homemaker and/or married, owned a home with his or her spouse or resided in a home owned by the spouse; and
 2. An individual who owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is --
 - (A) Not permanently affixed to a permanent foundation in accordance with local or other applicable regulations, or
 - (B) Not in compliance with state, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.
- **Small business capitalization.** Eligible uses include capital, land, plant, equipment and inventory expenses or for working capital pursuant to a business plan. The business plan must have been developed with a business counselor, trainer and/or financial institution approved by the IDA service provider. The business plan must include a description of the services and/or goods to be sold, a marketing strategy and financial projections.

- **Computer.** The purchase of a computer must be determined by the IDA service provider to be necessary for work-related activities and/or post-secondary education or training.
- **Automobile or truck.** The purchase of a vehicle must be determined by the IDA service provider to be necessary for work-related activities and/or post-secondary education or training.
- **Home improvements.** Eligible improvements include repairs and other modifications to improve the health and safety, accessibility, or energy efficiency, of a home owned and occupied by the accountholder. The IDA service provider may approve other improvements of a non-luxury nature.
- **Assistive technologies.** Eligible uses include the purchase or enhancement of technologies that will allow persons with disabilities to participate in work-related activities.

IDA rules under Washington Administrative Code may be found in the attached appendix. The restrictions described in this RFP apply only to the IDA program funds provided by CTED under this proposal. Other match providers may establish their own criteria for the use of their funds, including participant eligibility and qualified uses.

Participant Eligibility and Responsibilities

Any individual whose household income *at program entry* is equal to or less than either:

- 1) 80% of the area median income, adjusted for household size; or
- 2) 200% of federal poverty guidelines.

Local IDA service providers may choose to target incomes below these levels in their local IDA programs.

Additionally, the net worth of the individual's household as of the end of the previous calendar year may not exceed \$10,000. Household net worth is defined as the total market value of all assets that are owned in whole or in part by any household member *minus* the total debts or obligations of household members, *except that*, for purposes of determining IDA eligibility, a household's assets shall not be considered to include the primary dwelling unit and one motor vehicle owned by a member of the household.

Accountholder savings should be derived from *earned income* including wages, salaries, tips, net earnings from self-employment, and other amounts received as compensation for personal services rendered. Funds received as a result of the Earned Income Tax Credit also qualify. *Other allowed income* shall include child support payments, supplemental security income (SSI), and disability benefits such as Social Security Disability Income (SSDI). At the service provider's discretion, *other income sources* may also be used for savings. IDA contractors will be responsible for eligibility screening and documenting income using salary and wage statements and W-2 forms.

Accountholders must sign an individual savings plan that identifies their savings and asset goal, and open a savings account at a financial institution that is participating in the IDA program. Accountholders must make deposits to their savings account on a regular basis and must attend financial literacy classes, which will help them with managing their finances. Additional training or counseling may also be provided to accountholders that will help to prepare them for their specific asset, such as homeownership counseling or

micro-enterprise training. An accountholder may terminate their agreement with their service provider at any time and withdraw their savings, thereby giving up access to all IDA matching funds.

Accountholders must complete all program requirements and purchase their asset within three years of entering the program.

Under what circumstances may an accountholder withdraw funds from their account?

Once an accountholder is ready to make an asset purchase, they must request approval of the purchase from their IDA service provider. Upon approval of the purchase, the service provider will issue payment directly to the person or entity from whom the asset is being purchased.

If an accountholder wishes to withdraw funds for some purpose other than an eligible asset purchase, they must request approval from their service provider. An accountholder may be allowed to withdraw all or part of their savings for the following emergencies:

- Necessary medical expenses;
- To avoid eviction of the individual from the individual's residence;
- Necessary living expenses following loss of employment; or
- Such other circumstances as the sponsoring organization determines merit emergency withdrawal.

The IDA accountholder making an emergency withdrawal from savings must reimburse the account for the amount withdrawn within twelve months of the date of withdrawal or the account will be closed. If an accountholder wishes to use their savings for an unapproved use, they must withdraw from the program and their account will be closed. Once an account is closed, any unused match associated with that account is forfeited.

LIMITATIONS ON THE USE OF IDA PROGRAM FUNDS

A maximum of \$4,000 in IDA program matching funds may be provided to each participant. Contractors may choose to supply additional match from other sources.

Any interest earned on matching funds prior to their withdrawal must be used for eligible IDA program activities.

Matching funds may only be withdrawn upon satisfaction of an individual's participation requirements and must be paid directly to the person or entity to whom amounts are due for an eligible use (e.g. mortgage company or educational institution). Matching funds may not be paid to the participant.

Matching funds will be forfeited if a participant closes their savings account at their own discretion prior to completion of the IDA program or for failure, without good cause, to fulfil the requirements identified in their individual savings plan.

Matching funds are available to the participant for four years from the date they sign their individual savings plan. Matching funds that are not withdrawn for an eligible use after four years are forfeited.

APPLICATION PROCESS and INSTRUCTIONS

Proposals by regular mail or email must be *received* by 5:00 p.m., August 24, 2005 at:

**Washington State Department of Community, Trade and Economic Development
906 Columbia St SW, 2nd Floor
P.O. Box 42525
Olympia, WA, 98504-2525
Attention: Paul Knox
paulk@cted.wa.gov**

If sent by mail, one original and five copies of the proposal, including all attachments, are required. Late or faxed proposals will not be accepted. An August 24 postmark date will not be accepted.

Selection Process

CTED will use a “due diligence” process to clarify and verify the representations made in the applications. The selection process may include personal interviews with top applicants.

Criteria to be used in the selection process include:

- ◆ Quality and completeness of project design and implementation plan, including ample size to ensure economies of scale for program administration;
- ◆ Clear and ample linkages to existing programs and resources;
- ◆ Experience managing IDA or similar programs -- demonstrated ability to work with targeted customers and necessary partners;
- ◆ Cost-effectiveness and reasonableness of financial projections as related to project design;
- ◆ Capacity to provide or raise additional funds for match or program costs;
- ◆ Demonstrated ability and commitment to meet or exceed specified performance targets.

Contracts and Program Operating Costs

CTED reserves the right to negotiate all contract terms, including work plan, budget and timelines, prior to final decision on awards. CTED also reserves the right to suggest respondents' form into teams to better meet the goals and objectives of the IDA program. The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or about October 1, 2007. The award period will last at least through completion of IDA accountholder asset purchases – tentatively until June 30, 2011.

Reimbursement for administrative and operating costs for IDA service providers will be up to 20 percent of savings match provided by CTED. An additional 5 percent bonus will be provided following each successful asset purchase by accountholders (based on total match provided).

If you have any specific questions about Individual Development Accounts or this solicitation, call or e-mail Paul Knox at (360) 725-4140, paulk@cted.wa.gov.

APPLICATION INSTRUCTIONS

1. Face Sheet

Complete the Face Sheet and attach it to the front of your application. The form should identify the applicant organization or, if a collaborative application, the lead organization.

2. Narrative Questions

Answer **each** of the questions below as completely, yet **concisely**, as possible. Narrative responses should not exceed a **total** of 12 single-sided, typewritten pages (excluding attachments).

3. Budget

Complete the attached Operating Budget worksheet according to the instructions provided. Include *all* resources that will be contributed to the program. **Documentation of cash or in-kind commitments from other sources must be included with the application.**

4. Performance Targets

Estimate the number of participants expected to accomplish specific program outcomes each quarter (enrollment, completion of financial skills and asset-specific training, and qualified withdrawals for asset purchase.)

5. Financial Institution Partnership

Please describe your financial institution partnership plan and any existing commitments and/or agreements. Information regarding the role of participating financial institutions can be found in the attached "*Wish Lists*" for Financial Institutions.

6. Letters from key Partners

For key proposal partners, letters from organizational leadership demonstrating their commitment to working with and supporting your IDA program must be included with this application.

NARRATIVE QUESTIONS

*Applicants should address **all** of the elements described below with a minimum use of stock materials and attachments.*

1. Service Area/Target Population

Identify the geographic area that will be served by your program.

Describe any targeting of your program to specific populations within your service area. Identify the size and characteristics of the target population.

Summarize your experience working with your target population. Include specific examples of programs your organization has implemented within the past five years to serve these customers and the success rates you have had.

2. Program Objectives

Describe your overall goals and objectives for this program.

Describe how this program will be integrated with other self-sufficiency strategies within your service area. Discuss other resources that will be made available to support the success of the program's participants.

3. Program Design

Provide a description of your program that includes each of the following components:

- ◆ Account structure and management
- ◆ Recruitment strategy
- ◆ Participant flow
- ◆ Individual savings plans
- ◆ Training and counseling
- ◆ Partnerships
- ◆ Retention strategy
- ◆ Withdrawals and asset purchases

In your description of each of these elements, be sure to address the following questions:

Account Structure and Management

Describe any requirements that will be placed on individual participants with respect to deposits to their savings accounts (i.e., frequency and amount of deposits). Describe what conditions (if any) must be met in order for individuals to withdraw funds from their savings. If only emergency withdrawals will be allowed, define emergency. Describe what assistance your program will provide the participant in order to avoid withdrawals. If a withdrawal occurs, what action will be taken to ensure that the individual replenishes the savings account? How will accounts be monitored to ensure these requirements are met and what actions will be taken if a participant fails to meet these requirements?

Describe how match earnings (all sources) will be tracked.

Recruitment strategy

Describe how you will identify potential participants for the IDA program. Discuss how you will work with

other local programs, as well as any outreach and marketing efforts you plan to undertake. Describe the process that will be used to determine whether an individual meets the eligibility requirements of the program and is qualified to participate.

Participant Flow

Once a participant has been recruited, describe the process by which services will be provided, beginning with initial contact and continuing through each phase of the program.

Individual Savings Plans

Identify who will work with participants to develop their individual savings plans, their experience working with your target population and/or providing similar types of services. What process will be used to help the participant choose their asset? How will credit repair issues be addressed?

Training and Counseling

Identify who will provide basic Financial Skills training to participants; discuss their qualifications and their experience working with your target population. Describe the Financial Skills training requirements for participants (i.e., number of hours per week, number of weeks, etc.). Describe the topics that will be covered and, if available, provide a copy of the curriculum with this application.

Describe the specific training that will be provided to participants to prepare them to invest responsibly in their chosen asset and to maintain it long-term. For **each** of the eligible uses, identify who will provide the training; discuss their qualifications and their experience working with your target population. Describe the training requirements for participants (i.e., number of hours per week, number of weeks, etc.).

Describe how individual counseling will be addressed in your program. Include a discussion of when counseling will be made available and whether it will be mandatory for participants at particular times. Explain how you will assess clients' needs and progress.

Identify who will provide the counseling; discuss their qualifications and their experience working with your target population.

Retention strategy

Describe what efforts will be made to prevent participants from dropping out of the program or being able to successfully attain their asset goal (e.g., pre-screening for credit repair issues, peer support groups, individual counseling, referrals to other resources, etc.). Describe what role other organizations will play in support of these efforts and provide documentation of any specific commitments, if applicable.

Withdrawals and Asset Purchases

How will you determine whether a participant is ready to make a qualified withdrawal? Describe your

procedures for handling match withdrawals, from the time of request through payment to the person or institution from which the asset is being purchased. Explain how you will ensure that funds are applied only to eligible uses.

4. Partnerships

Identify the financial institution(s) that you will partner with for this program and discuss your relationship with them. Describe what types of assistance and support the financial institution will provide to participants and to your organization. Has the financial institution demonstrated a sincere interest in working with individual participants to establish a long-term relationship that will extend beyond the IDA program?

Identify the partner organizations that will provide support to your program and summarize the role of each. Provide contact information for each. Describe their mission and their experience working with your target population and/or with similar types of programs. Explain how and why these partners were chosen and discuss existing and proposed relationships with each. List the specific resources that your organization and your partner organizations will contribute to this program. Describe how services will be coordinated among multiple providers, if applicable.

Provide copies of any memorandums of understanding, contracts, or letters of commitment that are relevant to this proposal.

Identify those partners that will provide matching funds to your program participants. Describe how their funds will be used in conjunction with CTED funds, including eligible uses, match rate, and participant eligibility, if different from that for CTED funds.

Documentation of the commitment of cash, in-kind, or other types of support must be included with the application.

5. Program Impact

Describe your success in IDAs or similar programs in the past. Discuss any barriers that might affect your ability to meet the performance targets identified below and your strategies for addressing them:

- ◆ Enrollment of participants and development of individual savings plans;
- ◆ Completion of financial skills and asset-specific training; and
- ◆ Qualified withdrawal and purchase of assets with IDA matching funds.

Provide estimates of the number of participants that will meet the identified program outcomes each quarter. CTED recognizes that the details of projections may change over the contract period. How will you define success? Describe how you will assess the effectiveness of your program on an ongoing basis. Explain how you will measure customer and partner satisfaction and use this data to improve your program. How will you evaluate the success of the program at its conclusion?

6. Organizational Capacity

Briefly describe your organization's mission, principal programs, annual budget and number of full-time staff. Provide an organizational chart, if available.

Discuss how the goals and objectives for your IDA program fit within the overall mission of your organization.

If your program will involve multiple partners, describe your organization's experience coordinating similar collaborative efforts. Provide specific examples.

Describe any previous experience your organization has had developing and or operating an IDA program. If you currently operate an IDA program, how long has it been in existence and what have been the outcomes?

List all staff, by name and job title, who will be directly involved in the operation of your program. Provide job descriptions and brief résumés for IDA management staff. Indicate the amount of time that will be dedicated to this program by each staff person.

OPERATING BUDGET WORKSHEET INSTRUCTIONS

Using the attached worksheet, provide your best estimate of your line-item expenses for each year of operation. CTED recognizes that the details of projections may change over the contract period. Remember, CTED will reimburse you for up to 20% of the value of your total matching funds for your accountholders. For instance, if you estimate that you will establish 100 accounts with an average matched savings of \$3,000, then you are eligible to request up to 20% of \$300,000 or \$60,000 over the life of your contract. As a performance outcome pay point, you will also be eligible for 5% of the state match of the value of your total purchased assets. For purposes of your proposal budget, you do not need to show how you will use this 5% pay point.

CTED will use this budget to assess your ability to understand and manage your proposed IDA program within the fiscal constraints of our 20% admin/operations limit. We will be looking to see that you have adequately scoped out your projected costs and have other sources available to meet your operations needs.

CTED will work with all selected IDA contractors to develop our reimbursement system to maximize administrative efficiency and meet program goals. We recognize that our contractor partners will need to use funds from other sources to operate your local IDA program. Please provide short budget notes showing cost assumptions and other relevant information.

Instructions for Completing the Operating Budget Worksheet

Projected Costs

Provide a best estimate of your overall annual administration and program operating costs. For Admin column, include your fiscal and management overhead costs. For Program column, include all costs that are directly associated with services to participants under the IDA program, such as eligibility screening, development of individual savings plans, training and individual counseling. Feel free to insert additional headings that you feel are relevant or to attach additional sheets, if necessary. Be sure to include ***all*** anticipated operating funds in your projections.

Projected CTED and Other Sources Funds

Total projections (All Sources column) must be broken down into two subtotal categories: **CTED Funds** and **Other Sources**. Other Sources includes both cash and in-kind contributions from other sources. Show the breakdown of how you will use your CTED and other funds to complete your budget needs shown in your admin and program cost columns. List each other source in your budget notes.

Suggested Expense Categories

Staffing – Include salary and benefit costs for all positions that will support the IDA.

Occupancy Expenses – This includes expenses such as rent or mortgage costs for space provided for the IDA program, insurance, and utilities.

Equipment/Furnishings - Provide total amounts for equipment and furnishings, generally items that have a useful life of more than one year.

Info Systems – This includes computer hardware, software, and other information systems expenses, such as Internet access.

Supplies and Materials – This generally includes supplies and other materials that will be used within one year. It also includes printed materials, such as program brochures, participant handbooks, etc.

Office Expenses - Items such as postage, telephone, fax, and photocopying are included.

Travel – List travel expenses, such as mileage, that are directly related to the IDA program.

Subcontracts – Subcontracts may be listed by type, such as consulting services or microenterprise training. Costs included under this category should *not* be included in any of the above expense categories.

Other – Specify any other administrative or program support expenses that are not covered under the above categories.

2007-09 Individual Development Accounts
Request for Proposals

IDA PROGRAM ANNUAL OPERATING BUDGET					
EXPENSES	TOTAL	TOTAL PROGRAM	CTED ADMIN & OPERATIONS FUNDS	OTHER SOURCES ADMIN & OPERATIONS FUNDS	ALL SOURCES
	ADMIN COSTS	OPERATIONS COSTS			TOTAL COSTS
Staffing					
Wages					
Benefits					
Total Personnel Costs					
Non-Personnel Costs					
Occupancy Expenses					
Equipment/Furnishings					
Info Systems					
Supplies & Materials					
Office Expenses					
Travel					
Subcontracts (list)					
Others					
Total Non-Personnel Costs					
TOTAL EXPENSES					

TOTAL ACCOUNT STATE MATCH
REQUESTED OVER PROPOSAL PERIOD

Total Admin and Operations Costs represents your total annual budget needs to run your IDA program
CTED Admin and Program Operations represents up to 20% of the total CTED IDA account matching funds requested.

Other Sources represents the additional funds used to meet your IDA admin/operations costs outside of available CTED funds

Column E shows total Admin and Operating Costs (Columns A plus B as well as C plus D).

For Total Account Match space, provide total requested state match for accountholders over entire request period

**INDIVIDUAL DEVELOPMENT ACCOUNTS
APPLICATION FACE SHEET**

LEAD AGENCY NAME AND ADDRESS: _____

CONTACT PERSON: _____

TITLE: _____

TELEPHONE: _____

E-MAIL: _____

TAX IDENTIFICATION NUMBER (TIN): _____

TOTAL FISCAL REQUEST: _____

PARTNER AGENCIES: _____

PROPOSED SERVICE AREA: _____

We acknowledge and agree to the Statement of Assurances attached herein and verify the accuracy of the information presented in the application.

Authorized Signatory

Title

Date

“Wish Lists” for Financial Institutions

Participant Needs

1. **Highest interest rate.** The higher rate of interest a financial institution pays account holders, the less time it will take them to reach their savings goals. Also, interest should begin accruing from the first dollar a participant deposits.
2. **Regular statements.** The more regular, the better; a monthly statement issued from a financial institution can motivate participants and remind them to make deposits.
3. **No minimum balance requirements.** IDA participants typically have no accumulated sum with which to open an account; waived minimum balance requirements will also ensure that participants aren't charged fees or penalties.
4. **No monthly fees.** Monthly charges erode participants' savings. Financial institutions that aren't willing to waive this relatively insignificant revenue source may not make committed partners.
5. **Accessible locations.** Participants must be able to easily access their accounts in order to make deposits. Since transportation is often a challenge for low-income families, locations accessible by foot or public transportation are best.
6. **Mail in, ATM and direct deposits.** To encourage saving, it is ideal if some or all of these alternative means for making deposits are available to participants.
7. **Other services** (checking accounts, loans and mortgages, investment services). Since IDA programs educate participants about all financial services, it is ideal if participants have access to these services at the institution holding their IDA.
8. **Comfort level.** Because IDA participants may be using a financial institution for the first time, it is critical that prospective partners be sensitive to participants' needs and be willing to train staff to treat IDA customers with respect and patience.

Program Needs

1. **Reputable institution.** As financial institution partners reflect on your IDA program (to prospective funders, participants and other program partners), they *must* maintain a reputation for integrity and professionalism in your community.
2. **Regular and detailed reporting.** In order to monitor participants' account activity and prepare monthly IDA statements, your organization must have convenient and regular access to detailed participant account information.
3. **Willingness to fund your program.** Banks or thrifts that are willing to fund your program will be more invested in its success and will make stronger partners.
4. **Contact person.** Financial institution partnerships work best when an institution is willing to designate one individual as a dedicated contact person.
5. **EDT potential.** As programs grow in size, a financial institution's ability to transmit monthly account information via Electronic Data Transfer is important.
6. **Staff training.** Financial institutions that are willing to educate their staff about IDAs will provide better service to IDA participants.
7. **Organization-wide commitment.** For multi-site financial institutions, IDA involvement should include all appropriate locations, branches and the central office.
8. **Deposit insurance.** To protect participants and your organization, IDA savings and matching funds must be insured.

9. **Designated locations.** For larger financial institutions, the ability to designate certain locations for IDA involvement will result in better service for participants.
10. **Willingness to invest resources.** Although financial institutions needn't expend tremendous resources to be partners, a willingness to incur some expense or utilize in-house resources in establishing and administering IDAs is helpful.
11. **Openness to participating in personal finance training.** Financial institutions can be great resources for financial skills building and asset-specific training.
12. **Ability to handle matching funds.** IDA programs need a place to deposit and invest matching funds for the life of the program; partners are a logical choice.

Reasons Financial Institutions Would Want to be an IDA Partner

1. **Publicity and public relations.** Banks and credit unions are in business with the public; a good reputation and strong name recognition are important assets and participating in a well-publicized IDA program can generate both.
2. **Deposit of matching funds.** IDA matching funds are attractive deposits for financial institutions because they are generally large sums of money that involve little account activity (until program participants make qualified withdrawals) and are deposited for long periods of time.
3. **Develop new customers.** IDA participants are a new source of customers for financial institutions. Although IDA accounts themselves may not generate profits for a financial institution, successful IDA participants are likely to conduct more profitable business at the financial institution with which they've already established a relationship through their IDA involvement.
4. **Community commitment.** Many financial institutions have a state mission to serve and be responsive to the needs of their communities; IDAs are an ideal way for financial institutions to serve their communities while operating within their own industry.
5. **Generate other business.** Participating in an IDA program can lead to other forms of new business for financial institutions, whether from friends or relatives of an IDA participant or the finance departments of a sponsoring organization or program partner.
6. **CRA credit.** Under the Community Reinvestment Act, banks are required by law to invest in their communities. IDA program involvement can count toward CRA credit.

Roles of IDA Programs and Financial Institutions

What a Financial Institution Can Do

- Set up interest-bearing, sole or joint ownership savings accounts for IDA participants (with no monthly fees and no minimum balance).
- Establish a master account to hold matching funds in the name of the sponsoring organization.
- Provide monthly account activity information to the sponsoring organization.
- Provide monthly account statements to participants.
- Offer other banking services to participants (checking accounts, mortgages, loans, other savings or investment accounts).
- Assist in financial literacy training
- Enhance visibility of program.

What an IDA Program Must Do

- Direct participants to a designated financial institution or institutions.
- Send participants monthly IDA statements that reflect their savings activity and earned matching funds.
- Monitor participants' monthly account activity (deposits and withdrawals).
- Track monthly account activity (ideally with a Management Information System – MIS).
- Develop a withdrawal procedure for matching funds.
- Calculate and account for matching funds earned based on participant savings.
- Provide individualized counseling to participants as needed.
- Facilitate financial literacy courses.

Individual Development Accounts Program – 2006-07 Local Projects

Lead Proposing Organization And Contact	Partners	Proposal Summary	Amount Requested	Final Award
<p>United Way King County</p> <p>Dave Sieminski (206) 461-4934 dsieminski@uwkc.org</p> <p>Terra Holcomb (206) 461-4531 tholcomb@uwkc.org</p>	<p>United Way Snohomish County</p> <p>21 community-based organizations</p> <p>4 Banks</p> <p>Evans School – UW</p> <p>US DHHS – Assets for Independence Program</p> <p>Gates & Casey Foundations</p>	<p>Provide up to 150 low-income King and Snohomish County households with the means to invest in home ownership, education, small business start-up and other assets that will improve their lives. This project has drawn in over \$400,000 in additional IDA funds and has a broad array of area service providers.</p>	<p>\$ 508,800</p>	<p>\$296,000</p>
<p>Spokane Neighborhood Action Programs</p> <p>Kerri Rodkey (509) 456-7174 rodkey@snapwa.org</p>	<p>Consumer Credit Counseling</p> <p>World Relief</p> <p>DVR – DSHS</p> <p>US Bank</p> <p>Farmers & Merchants Bank</p> <p>Wells Fargo</p> <p>Sterling Savings</p> <p>Numerica Credit Union</p> <p>US DHHS – Assets for Independence Program</p>	<p>SNAP will continue it excellent work in providing IDAs for a range of asset investments for low-income Spokane County residents. At least 50 households will save and purchase assets and over \$135,000 in additional funds have been raised for this project.</p>	<p>200,000</p>	<p>150,000</p>
<p>Diocese of Yakima Housing Services</p> <p>Isabelle Garcia (509) 965-7100</p>	<p>Consumer Credit Counseling Yakima</p> <p>USDA – Rural Development</p> <p>Rural Community Assistance Council</p> <p>Heritage University</p> <p>Banner Bank</p> <p>Yakima Federal S & L</p>	<p>The Diocese will use state IDA funds to help 20 first time home buyers save and purchase homes in Mabton and Granger in Yakima County.</p>	<p>50,000</p>	<p>40,000</p>

Housing Authority of Tacoma Tanya L. Franklin-Miller (253) 207-4445 tmiller@tacomahousing.org	Pierce Co. Housing Authority Consumer Counseling NW Habitat for Humanity Pierce County City of Tacoma Washington Mutual WA Women's Employment & Education	The Tacoma and Pierce Co. Housing Authorities will use their proven expertise in homebuyer assistance to help over 30 low-income renters purchase homes. They have also leveraged at least an additional \$400,000 in down payment assistance for account holders.	270,000	100,000
Lower Columbia Action Council Jean Marshall (360) 578-4243 Liz Hale-Myntti (360) 578-4209 EHale@ESD.WA.GOV	Longview Housing Authority WorkSource Cowlitz Family Finance Resource Center Clearview Employment Services Cowlitz Bank	Provide up to 20 low-income Cowlitz and Wahkiakum County households with the means to invest in home ownership, education, small business start-up and other assets that will improve their lives.	192,000	90,000
Housing Authority Island County Teri Anania (360) 678-4181 haicfss@seanet.com	Opportunity Council Citizens Against Domestic & Sexual Abuse People's Bank	This project will assist at least 8 families or individuals displaced by domestic violence to save and purchase assets toward a better future.	16,000	16,000
Foster IDA Pilot United Way of King County YMCA of Greater Seattle Terra Holcomb (206) 461-4531 tholcomb@uwkc.org	Youth Source Treehouse Mocking Bird Society Jim Casey Foundation WA Mutual Bank	Project partners will use IDAs to help at least 20 youth in foster care successfully save and invest in their transition to independent adulthood. This will be the first instance that IDAs are used for young people in WA state.	184,500	80,000
TOTAL		Estimated Number Accounts: 298	\$ 2,089,988	\$772,000